

Grounds for Possible Delisting and Elimination of the Grounds

Summary of the Rules

The listed company may be subject to delisting if SET considers the company is not qualified to maintain the listing company status. Major grounds of possible delisting are as follows:

- Operation performance/ financial conditions falling within any of these following cases:
 - The operation is halted entirely or almost entirely;
 - The auditor issues a disclaimer opinion on the financial statements of the listed Company for 3 consecutive years;
 - The latest audited financial statements show that the shareholders' equity is lower than zero.
 - Operating income in the annual financial statement SET < 100 million baht, mai < 50 million baht for 3 consecutive years.
- The listed company disposes of all or most of the assets used in the ordinary course of its business thereby causing the listed company to have all or most of its assets in the form of cash or short-term securities (Cash Company) for more than 6 months from the date SET has received the statement of financial position after the disposition of all or most of the assets.
- The listed company has violated or failed to comply with SET's rules which may seriously damage the interests or the decision of the shareholders, or changes in securities price.
- The listed company has disclosed false information or failed to disclose material information which may seriously damage the interests or the decision of the shareholders, or changes in securities price.
- The listed company dissolves its business or is under receivership by a court order.
- The listed company does any act which may seriously damage the interests of the shareholders.
- The nature of business operation of the listed company is not suitable for it to remain a listed company.
- There is a change in the listed company's shareholding in its subsidiary companies or associated companies and such change seriously and adversely affects the listed company.
- SET posts SP (Suspension) sign on its securities for a period of more than 2 years due to the listed company's violation or failure to comply SET's orders. For example, in the case where a listed company is unable to appoint an audit committee member within the specified time. (Details appear in the matter of independent directors and audit committee members) which is a reason for revoking SP (Suspension) for a period of more than 2 years.
- The listed company is unable to eliminate the grounds for delisting (Stage 1) or to repossess the qualifications in order to resume trading (Stage 2) pursuant to the procedure prescribed by SET.
- The listed company is subject to delisting or has its securities delisted from the main market.
- There is also a reason for revocation in the case of lack of Free Float, where the retail distribution qualifications are not complete continuously for the specified period. (Details appear in the story Distribution of shareholdings by minor shareholders)

However the Exchange has prescribed the procedures for the listed company to solve the grounds for delisting when SET considers the listed company will be able to repossess the qualifications of listed companies as follows:

- Operational performance or financial condition falling within the criteria for possible delisting;
- All or most of its assets are in cash or short-term securities (Cash Company);
- Violation or failure to comply with SET's rules, and failure to disclose material information.
 - Not submitting or late submission of financial statements or the auditor issues adverse opinion on the financial statements.
 - Unable to appoint audit committee within the specified time (more detail in independent and audit directors regulation)

The listed company shall eliminate the grounds for delisting in order to resume trading during these two rehabilitation periods:

- 1) Period of eliminating the grounds for delisting. (Stage 1)
- 2) Period of repossessing the listing qualifications to resume trading (Stage 2)

Since the possible delisting of listed company's ordinary shares may be from different grounds, the period for rectification can be varied. SET will thus separately deal with each of the grounds, and the one with nearest expiry date for resolving the ground for possible delisting will be prioritized.

Q & As

1 Q : In the event that a listed company faces possible delisting due to multiple grounds such as having performance and financial condition falling within the criteria, negative shareholders' equity and being a Cash Company for more than 6 months, how will SET consider the case?

A : In the event that a listed company faces possible delisting due to multiple grounds which require different periods of time for rectification, SET will separately deal with each of the grounds. On this basis, SET will commence the delisting procedure for the ground with the nearest expiry date for resolving the ground for possible delisting. For example, when the listed company has negative shareholders' equity and has 3 years to rectify this ground, while as being a Cash Company, it has one year, once the one-year period is due but the listed company has not been able to eliminate the ground for a Cash Company, SET will propose to the Board to consider delisting even though the period for shareholders' equity rectification is not yet expired.

2 Q : How will SET consider that the ground is eliminated?

A : SET will consider the cause of each ground for possible delisting, such as:

- In the event that the listed company faces possible delisting due to its shareholders' equity fell below zero, this ground will be eliminated when the shareholders' equity becomes above zero.
- In the event that the listed company fails to submit its financial statements as per schedule, this ground will be eliminated when the listed company has submitted the financial statements for the period announced as the ground for possible delisting.
- In the event that the listed company becomes a Cash Company, this ground will be eliminated when the listed company resumes ordinary course of business.

3 Q : What period can the listed company request for an extension to repossess the qualifications as listing company?

A : The time extension is different due to characters of the case:

- In case of the performance or financial condition falling in possible delisting criteria, the listed company can request for the time extension for both periods: (1) Period for resolving the grounds for delisting (Stage 1) ; and (2) Period for repossessing the qualifications and resume trading (Stage 2) . The request shall take place once in each period and shall not exceed one year.
- In case the listed company becoming a Cash Company, the listed company can only request for time extension in repossessing the qualifications and resume trading. The request shall take place once and shall not exceed one year.

The listed company will have to be eligible in pursuant to each time extension rule.

4 Q : How does the SET have a way to consider the grounds for delisting in the event of a company liquidation?

A :

Considered according to the Public Limited Companies Act, B.E. 2535(1992) as follows. SET determine the reasons of the grounds for the possible delisting when the shareholders vote to liquidate the business by law. SET will propose to the SET Board of Directors to consider the delisting. However, it may be made after the date the registrar accepts the liquidation registra.

Related regulations

SET's regulations

1. Regulation of the Stock Exchange of Thailand Re: Delisting of Securities B.E. 2564 (2021)
 - Procedure of Actions Against the Listed Company which Failed to Submit the Financial Statement or with Late Submission
 - Procedure of Actions Against the Listed Company whose Performance or Financial Condition Falling Within Possible Delisting Criteria
 - Procedure for Actions against Listed Companies whose all or most of the Assets are in the Form of Cash or Short-Term Securities (Cash Company) and fit the Criteria for Possible Delisting
2. Notification of the SET Board of Governors: procedures for action for the elimination of the grounds for the possible delisting of ordinary shares. B.E. 2564 (2021)
3. Procedures for Action in case a Listed Company has Insufficient Number of Members of the Audit Committee
4. Bor.Jor (Wor) 2/2021 Re: Revision of the rules that relating to the delisting of listed securities and disclosure of information.
5. Bor.Jor (Wor) 2/2024 Improving the criteria of the Stock Exchange of Thailand to enhance supervision of listed companies and information disclosure.
6. Notification of the SET Board of Governors: Disclosure of Information and Other Acts of Listed Companies Concerning the Acquisition and Disposition of Assets B.E. 2547 (2004)
7. SET Regulation: Listing of Ordinary Shares or Preferred Shares as Listed Securities, B.E.2558 (2015)
8. Listing of Securities, Disclosure of Information and Delisting of Securities in the “Market for Alternative Investment (mai)” B.E. 2563 (2020)
9. Bor.Jor (Wor) 1/2019 Re: The regulations adjustment according to Regulatory Reform Plan
10. SET Regulation: Rules, conditions and procedures for temporary suspension of securities trading B.E.2562 (2019)
11. Notification of the Stock Exchange of Thailand : Purchase of securities through Cash Balance Account B.E. 2562 (2019)

Regulations of other authorities

Notification of the Capital Market Supervisory Board TorJor. 44/2556: Rules, Conditions and Procedures for Disclosure regarding Financial and Non-financial Information of Securities Issuers

In addition, with respect to listed companies that may be delisted from listed securities before 1 November 2021, the rules regarding the delisting of listed securities will still apply, dated 25 December 2017. In this regard, if submitting a request to resume trading from March 25, 2024 onwards, the contents of Section 2 of the guidelines attached to the announcement of the Stock Exchange of Thailand Board regarding Guidelines for resolving the reasons for the delisting of common shares from being listed securities, No. 2, B.E. 2024, in respect of actions to bring listed securities of listed companies back to trading on the Stock Exchange, to come into force, mutatis mutandis.

